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SIPDIS

SENSITIVE

STATE PASS USTR FOR EBRYAN
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USDA FOR FAS/ITP/SHIEKH AND HUYNH
USDOC FOR 6500 AND 4431/MAC/AP/OKSA/VLC/HPPHO

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SUBJECT: VIETNAM: FOLLOW UP TO SIXTH WTO WORKING PARTY

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY

¶1. (SBU) Summary: Vietnam heard a consistent message at its Sixth WTO Working Party session in May regarding the need to make a "quantum leap" in its approach to WTO accession but is interpreting that message in various ways. Publicly, GVN officials gave themselves a big pat on the back for the positive results of the WP6 and a number of bilateral negotiations, which was distinctly different from the readout of the Members States and the Secretariat. Following the WP6, the World Bank sponsored a 4-day seminar on Vietnam's WTO accession, which included speakers such as the chief WTO Negotiators for China and Cambodia. Privately, GVN officials have complained that the U.S. statement was "harsh" and question whether the U.S. administration is changing its position of supporting WTO accession for Vietnam. Additionally, some GVN officials are questioning whether the U.S. is "ready" to begin bilateral talks. Embassy has reiterated to GVN that the timing of Vietnam's WTO accession is completely in its own hands, the U.S. position of support has not changed, and that the U.S. will be ready for bilateral talks when Vietnam is ready to table a serious proposal for discussion. Embassy is working with other like-minded Embassy colleagues to host roundtables with key GVN officials on priority accession issues to help the Vietnamese better prepare themselves for the next working party. End Summary.

¶2. (SBU) Following the Sixth WTO Working Party on Vietnam Accession in Geneva in May, the GVN's public statements have been routinely positive about the progress made by Vietnam during the multilateral and bilateral talks. At a UNDP-sponsored event at the end of May, Minister of Trade Tuyen announced that the WP6 made progress. He said most Member countries have praised Vietnam's preparation for the meeting and most have accepted Vietnam's services offer, although they have also asked for more progress on tariffs. Responding to the Ambassador's question regarding provision of an applied tariff schedule, Tuyen noted that there was no such requirement in the WTO and regardless, Vietnam is in the process of revising its tariff schedule so a final will not be available until after the ASEAN/AFTA revisions are finished sometime this summer.

¶3. (SBU) Regarding next steps, Tuyen said the GVN will review the results of WP6 and identify next steps to ensure accession by 2005. He noted that in order to achieve this goal, Vietnam will not be able to have bilats with each country that has requested them. Instead, Vietnam's negotiators will focus on the "most important" countries and perhaps combine some negotiations, for example, hold bilats with New Zealand and Australia at the same time. (Note: The Australian Ambassador was a bit surprised by that statement and quickly discounted the notion.) Tuyen noted that Vietnam had time for three more bilateral rounds and said that Vietnam does not want to "multilateralize a bilateral agreement" (read the U.S-Vietnam Bilateral Trade Agreement); rather, countries will have to "negotiate up to it." (Note: He didn't comment on the fact that the BTA is a floor for the U.S. in this process, not a ceiling.) In a separate conversation with our Australian, New Zealand and EU colleagues, we heard a very different version of events of the WP6, more along the lines of our read out. The Australians in particular told us that they were so dissatisfied with their services offer that they refused to negotiate on it.

¶4. (SBU) Earlier this week, we met with Ministry of Finance Dep. Director for International Cooperation Ha Huy Tuan, who is now wearing two hats - a MOT hat for WTO accession and then his full-time MOF hat. Tuan told us that the GVN was concerned about the "harsh" tone of the U.S. statement in Geneva and questioned whether there had been a change in the Administration's position toward WTO membership for Vietnam. Additionally, he noted that some GVN officials felt that the U.S. was "not ready" to talk to Vietnam bilaterally about WTO accession.

15. (SBU) Econoff noted that the U.S. had not said anything in Geneva that we hadn't said to the GVN directly on numerous occasions. Econ Counselor reiterated that the Administration's position had not changed - we support Vietnam's accession on commercial terms. She noted that it appeared that Vietnam is still looking for a special deal on accession but asked Tuan why should WTO members give a special deal to Vietnam, when we did not do that for China or Cambodia or any other applicant for membership. The U.S. (as well as other members of the WTO) have been clear in their support for Vietnam's WTO accession (and have spent millions in technical assistance) but are not going to make a "special case" in order to see that this happens. Additionally, Econcouns noted that Vietnam should not question the U.S. commitment to Vietnam; under the terms of the BTA, Vietnam already has MFN access to the U.S. goods market.

16. (SBU) Regarding bilateral talks, Econcouns noted she could not commit for the U.S. WTO negotiator but thought that the earliest the U.S. would be able to schedule talks with Vietnam would be after the Cancun Ministerial, sometime in fall/early winter, given time and budgetary constraints. However, she noted that the U.S.'s ability to sit down will be dependent on the GVN demonstrating it is ready to engage in serious negotiations. For goods negotiations this would, at an absolute minimum, require Vietnam to provide an applied tariff schedule, which we had been requesting for quite some time. For both goods and services, the U.S. has been clear that we would be looking for BTA-Plus - that is, more and better access than granted under the BTA. She noted that it would be hard to consider anything less as a serious offer from Vietnam.

17. (SBU) Tuan noted that the GVN is still struggling internally to find a way to dedicate adequate resources toward WTO negotiations without depleting key people from its ministries. Most of the GVN's experienced negotiators - the key people who worked on BTA negotiations - are generally still in place (except at MOT which has undergone substantial personnel changes over the last year or so). However, the GVN cannot afford to have these people dedicate themselves entirely to WTO accession; it would be unrealistic given all the other issues the GVN is trying to deal with, Tuan concluded.

18. (SBU) Finally, Tuan questioned slightly rhetorically if the U.S. would rather Vietnam be able to actually implement the commitments it makes or just make the commitments? EconCouns agreed that was an important question but cautioned that the GVN should be careful in using this argument. While WTO members did not want a repeat of the China situation, that did not mean that we would accept less from subsequent accessions.

19. (SBU) Although the GVN may feel that the U.S. has taken a harder tone, we are not the only ones speaking clearly on what needs to be done. Following the Working Party meeting, the World Bank and Vietnam's National Center for Social Sciences and Humanities (a think tank under the Ministry of Foreign Affairs) hosted a seminar on "Vietnam: Readiness for WTO Accession" June 3-4 in Hanoi and 6-7 in HCMC. (Note: the two days in Hanoi included heavy participation at the Ministerial and Vice Ministerial level, the HCMC version emphasized business sector participation.)

10. (SBU) The highlight of the conference were presentations by WTO negotiators from China (Long Yongtu, former chief negotiator for China's WTO accession) and Cambodia (Sok Siphana, Secretary of State, Ministry of Commerce of Cambodia). Both presenters were clearly "on message" - making all the right points on how Vietnam should approach WTO accession. Both officials emphasized that strong high-level political support is critical to the process. Long Yongtu encouraged Vietnam to view WTO accession as a means for promoting its own domestic reform agenda rather than an end in itself. Sok Siphana contrasted the WTO with the UN and noted that countries acceding to the WTO "won't find sympathy or apologies from existing members. Acceding countries simply have to negotiate." Siphana concluded that, at the end of the day, if Vietnam does not make the commitments expected of it by WTO members, it just will not accede.

11. In an effort to develop some post-Geneva momentum in Hanoi, Embassy is working with other like-minded Embassy colleagues to host a series of monthly roundtables with key GVN officials on priority WTO accession issues. The discussions will be small informal sessions - each dedicated to a separate topic (e.g. SPS and TBT inquiry points, TRIPs, trading rights). The ultimate objective is to help the Vietnamese better prepare themselves for a (significantly more substantive) seventh working party.

PORTER